

## INTRODUCTION

The tables presented in this report are grouped as follows: Section I—Labor Force Statistics; Section II—Nonfarm Wage and Salary Employment; Section III—Hours and Earnings; Section IV—Covered Employment, Wages and Contributions; Section V—Unemployment Insurance Program; and Section VI—Labor Exchange Program. A list of definitions is provided in Appendix A to explain the terms used in each Section. Appendices B and C describe the geographical and industrial classification systems used in tabulating the data.

### **Section I - Labor Force Statistics**

The civilian labor force statistics presented in this section are developed monthly and annually for the state, counties, and labor market areas. These statistics are also available for over 500 minor civil divisions by contacting the Department of Labor. All labor force statistics in this publication are not seasonally adjusted but have been revised and may differ from preliminary estimates released previously. The methodology used to compile these estimates was developed by the U.S. Department of Labor, Bureau of Labor Statistics.

The statistics pertain to the civilian labor force which excludes members of the armed forces. The civilian labor force is comprised of the employed and the unemployed (refer to Appendix A for precise definitions). Also provided is the number of unemployed as a percent of the civilian labor force, or as it is more commonly known, the “unemployment rate.”

Civilian labor force statistics have many uses. The unemployment rate and other components of the labor force are the most prominent measures of the economy and receive wide media coverage. Labor force changes are of vital concern to governments, businesses, labor groups, universities, and research institutions. In addition, billions of dollars are distributed to state and local governments through a variety of education, training, employment, and economic development programs based on civilian labor force statistics.

### **Section II - Nonfarm Wage and Salary Employment**

This section consists of the nonfarm wage and salary employment figures by industry classification for the state and substate areas. The nonfarm wage and salary employment figures, except those for the federal government, refer to people on nonfarm establishment payrolls who received pay for any part of the pay period which includes the 12th of the month. For federal government establishments, employment figures represent the number of people who occupied positions on the last day of the calendar month. Intermittent workers are counted if they performed any service during the month.

Nonfarm wage and salary employment data exclude proprietors, the self-employed, unpaid family workers, farm workers, and domestic workers in households. Salaried officers of corporations are included. Government employment covers only civilian employees; military personnel and employees of the Central Intelligence and National Security Agencies are excluded.

People on establishment payrolls who are on paid sick leave (when pay is received directly from the firm), on paid holiday, on paid vacation, or who work during a part of the pay period even though they are unemployed or on strike during the rest of the period are counted as employed. Not counted as employed are people who are on layoff, on leave without pay, on strike for the entire period, or who were hired but have not yet reported during the period.

The nonfarm wage and salary tables in this section are designed to provide the most detailed level of industry employment possible. Consequently, because of this detailed level of reporting, the nonfarm wage and salary tables in the report may not agree precisely with other separate official employment estimates developed for the state and for the metropolitan statistical areas (MSAs) of Bangor, Lewiston-Auburn and Portland. Nonetheless, the data reported serve many useful purposes and are widely regarded as a leading barometer of the economic health of an area. These statistics have been used in guiding business decisions on plant locations, sales, and purchases; detecting and planning for swings in the business cycle; and providing for industry-wide employment comparisons.

### **Section III - Hours and Earnings for Production Workers in Manufacturing**

Included in this section are the average work week and average hourly earnings of production workers employed in manufacturing industries. Statistics are produced on an annual basis as well as by month for the state and for the metropolitan statistical area (MSA) of Portland.

Average hours and earnings estimates are derived from a representative sample of manufacturing establishments which report payrolls and hours worked. The reports are for production workers only, which include all nonsupervisory personnel and working supervisors who are directly engaged in the manufacture of the product(s) of the establishment and other closely-related activities.

The average hourly earnings are on a “gross” basis and reflect changes in basic hourly incentive wage rates as well as such variable factors as premium pay for overtime and shift work differentials. Averages of hourly earnings differ from wage rates. Earnings are the actual return to the worker for a stated period of time; rates are the amount stipulated for a given unit of work or time. Fringe benefits are not included in determining wage rates.

The work week information relates to the average hours for which pay was actually received, and differs from standard or scheduled hours. Such factors as absenteeism, labor turnover, part-time work, and work stoppages cause average weekly hours to be lower than scheduled hours of work for an establishment.

Because the average hours and earnings data are developed in exactly the same manner in all states, these statistics provide benchmarks against which individual employers can compare their performance with that of the same industry within the state or across the nation. The data can also be used in salary setting, including collective bargaining and other labor-management negotiations. These statistics have broad application in assessing economic conditions, particularly with regard to determining wage trends. The information available on average work week is an important leading indicator of changes in business cycles since, traditionally, employers tend to reduce workers’ hours prior to actual job layoffs.

### **Section IV - Covered Employment, Wages, and Contributions**

All statistics compiled in this section are tabulated from the quarterly tax reports submitted by employers subject to the Maine Employment Security Law. Also included in certain tables are similar reports for employees of federal government installations within the state.

Employment coverage under the Employment Security Law has undergone various changes over the years. From January 1, 1972 to December 31, 1977, coverage applied to firms with one or more workers in each of 20 or more weeks of the year, or with a payroll of at least \$1,500 in any calendar quarter. Also in 1972, employees of state hospitals and state institutions of higher education were included, as were certain nonprofit organizations employing four or more workers in each of 20 or more weeks in a year. Effective January 1, 1978, coverage was expanded to include the following: (1) agricultural labor for employers with 10 or more workers in each of 20 weeks or who paid \$20,000 or more in wages in any calendar quarter; (2) domestics workers of employers who paid \$1,000 or more in any calendar quarter; (3) most employees of state and local governments, except elected officials; and (4) employees of nonprofit elementary and secondary schools. Aside

from the above restrictions, the primary groups excluded from coverage after January 1, 1978 are nonprofit organizations with fewer than four employees; the self-employed; unpaid family members; railroad workers; and certain farm and domestic workers.

Coverage is extensive and comprises approximately 97 percent of the total nonfarm wage and salary employment series described in Section II. By industrial sector, covered employment encompasses all of the goods producing industries and over 96 percent of the service producing activities included in the nonfarm wage and salary employment series. The only nonfarm wage and salary employment activities excluded from covered employment are railroad workers, some domestic workers, and certain state and local government workers. The self-employed are excluded from both employment series.

Covered employment data represent the number of workers earning wages during the pay period including the 12th of the month. The data include all corporation officials, executives, supervisory personnel, wage earners, piece workers, and part-time workers. Excluded are people who earned no wages because of strikes, work stoppages, temporary layoffs, illnesses, or unpaid vacations.

Covered employment and wage data are distributed on an area basis, insofar as is possible, from information furnished by employers. Multi-area employers having fewer than six people employed within a county may assign such workers to the county in which they have their largest number of employees. Information pertaining to workers who regularly perform services in more than one county is included in the “inter-county” category, as are data reported by employers who fail to show the area in which they operate. Covered employment is also reported by gender, based on information provided by employers. Beginning in 1995, these data have been supplemented with statistics from other employment surveys.

Perhaps the most significant use of the covered employment and wage statistics is in the employment security program of the Department. These data accurately reflect the extent of coverage of the state Unemployment Insurance program and are used to measure revenues, disbursements, and total and taxable wage trends. The tables are a primary source of data for the unemployment program for actuarial studies, determinations of experience ratings, tax rates, insured unemployment rates, and maximum benefit levels. The data are also used in the preparation of workload forecasts and budget estimates.

Caution should be exercised in using average weekly wage data developed from these statistics. Average weekly wages are computed by dividing 1/52 of total wages for the year by average monthly employment. This procedure presupposes that wages are evenly distributed throughout each week of the year. It also assumes that average monthly employment is approximately the same as in an average week. These assumptions do not consider such variables as bonus or retroactive payments, strikes, and different payroll periods within each quarter. Average wages may also be affected by the influx of workers in various industries during seasonal periods, labor turnover, short-term jobs, job-sharing, overtime, and people paid on a commission basis. More extensive data on average wages can be obtained from other sources of per capita earnings and special wage surveys.

A more accurate picture of average wages is available in Section III—Hours and Earnings.

## **Section V - Unemployment Insurance Program**

The Unemployment Insurance program provides short-term financial assistance to people who lose their jobs and are able to work, available for work, and actively seeking work. A worker’s monetary eligibility for Unemployment Insurance benefits is based upon wages earned during a predefined prior period of employment covered under the Maine Employment Security Law.

The program is financed solely by employer contributions which are paid into the Unemployment Trust Fund in amounts determined by an employer's contribution rate applied against taxable wages. Some classes of employers are allowed to make payments based on actual benefits paid under the direct reimbursable provisions of the Law. Explanations of these provisions are contained in the list of Definitions (Appendix A).

Besides providing financial assistance to unemployed people, the program acts as a stabilizer for the economy during times of high unemployment by offsetting, to some extent, the lost purchasing power resulting from unemployment. The Unemployment Insurance statistics have many uses: budgetary and administrative planning; program volumes, costs, and evaluations; extent of protection; and benefit adequacy. The data are also used in calculating insured unemployment rates at both the state and federal levels, and in making reports to Congress.

The Unemployment Insurance program also provides weekly updated information for Maine's Mass Layoff Statistics program. This program is operated jointly by the Maine Department of Labor and the US Bureau of Labor Statistics. It identifies those employers against whom 20 or more claims for Unemployment Insurance are filed over a five-week period, thus triggering a potential mass layoff event. The system then tracks these establishments in order to determine the overall number of workers affected, the duration of the layoff and the reason for it.

## **Section VI - Labor Exchange Program**

The Maine Bureau of Employment Services is part of a nationwide network of public employment agencies. The primary function of the Bureau is to match people with jobs and employers with jobseekers. Several free services are provided to both employers and job applicants. The Bureau oversees implementation of the federal Workforce Investment Act. The Act establishes an integrated system of employment-related services to be delivered via one-stop offices, or CareerCenters in Maine. Located in 23 sites throughout the state, CareerCenters offer a comprehensive array of resources, workshops and individualized services for jobseekers and employers.

Among the primary services offered to employers are complete work registrations for applicants. Referral and placement assistance according to employer specifications is provided which includes a daily updated computerized Job Matching system of all applicant and job order information. Exclusive referral services are provided whereby employers list all of their job openings with the Bureau. In return, the Bureau registers applicants, screens them according to employer specifications, and refers per employer instructions. Positive recruitment services are provided in which new employers or employers with mass hiring needs receive personalized assistance in publicizing job openings and recruiting applicants. The Bureau regularly visits employers to become better acquainted with individual employer operations and needs. The Bureau participates in a nationwide clearance program to encourage and guide the movement of workers between geographical areas. Employers are aided in obtaining training and apprenticeship programs and in locating support services related to the labor exchange function. The Work Opportunities Tax Credit program is administered by the Bureau to provide tax credits to employers who hire workers from certain target groups. Finally, the Bureau provides access to labor market information at the local, state, and national levels to assist employers in understanding the economy and in planning and assessing operations.

The Bureau, in addition to serving employers and acting as a clearinghouse for labor market information, fulfills a series of special functions designed to assist people to enter or reenter employment. These activities include job-search assistance; job counseling and vocational guidance; individualized job development and preparation for employment; referral to training and supportive services; and occupational testing and assessment.